

The Monthly Minute

with State Senator John Pappageorge

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Happy holidays to you and your loved ones!

It's been a pleasure and a privilege serving the constituents of the 13th District for the past year. I look forward to continuing working on your behalf in the legislature. May you and your family enjoy a wonderful holiday season.

Sincerely,

John Pappageorge



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Service Tax Repealed & Businesses Protected Under New Law

Dear Friend:

As you know, I have been a staunch supporter of repealing the tax on services. After hearing from businesses across the state regarding the devastating impact the service tax would have on Michigan companies and the economy, the Legislature recently passed and the Governor signed a bill to repeal the onerous tax.

Following tough negotiations with the administration and House Democrats, a deal was brokered by Senate Republicans that lowered the tax burden on job providers. House Bill 5408 was modified by Senate Republicans to repeal the service tax and replace it with a business tax surcharge that was 40 percent lower than the rate proposed by House Democrats.

I voted yes to replace a very bad, ill-conceived permanent tax with a much less onerous one that has a sunset provision. Moreover, it will take less money out of the pockets of our citizens. It was the lesser of two evils. A "no" vote would have meant that the tax on services would have stayed in effect.

In addition, the Governor signed legislation recently that provides amnesty to businesses that did not collect the tax for the 19 hours it was in effect before we killed it. Customers who did pay the tax are encouraged to apply for a refund from the Department of Treasury.

The repeal of the service tax allows us to leave this job-killing tax behind us and move onto important policy issues. I will continue to keep you updated on these matters in the coming months.

Sincerely,

John Pappageorge



Senate Approves Pappageorge's "Hybrid Vehicle Technology Credit"

Legislation designed to encourage research and development of hybrid vehicles in Michigan was approved by the Michigan Senate last Thursday, said sponsor Sen. John Pappageorge, R-Troy.

"This is good news for Michigan," Pappageorge said. "Given the current condition of our economy, we need to do everything possible to diversify it while encouraging emerging technologies. We must move toward greater energy independence. My bill will help accomplish this goal and

provide good paying jobs far into the future."

The legislation provides the Hybrid Development Center, which is located in Troy, a credit of up to \$2 million in compensation for services performed for hybrid vehicle research and development.

The center is a joint venture by General Motors, DaimlerChrysler and BMW to boost production in gas-electric hybrid vehicles.

Under the bill, taxpayers claiming the

credit could also claim a research and development credit under Section 405 of the Michigan Business Tax (MBT).

The "Hybrid Vehicle Technology Credit" originated in the Single Business Tax, which is repealed Dec. 31. The legislation ensures the same credit is continued under the new MBT.

Senate Bill 944 will now go to the House of Representatives for consideration.

Pappageorge Announces Legislation to Help Smaller Downtowns Revitalize & Thrive

Legislation to provide Michigan's cities with planning and development tools to help develop downtown neighborhoods and businesses was announced Thursday by Sen. John Pappageorge, R-Troy, a sponsor of the package.

"Downtowns are the hearts of our communities," Pappageorge said. "We have done a lot in recent years to help them restore their vitality, but our efforts have primarily focused on larger areas with significant blight. My legislation provides the tools for smaller downtowns like Clawson, Berkley and Madison Heights to complement their current efforts to create better communities that we can all enjoy."

Pappageorge's bill will allow local units of government to exempt personal property taxes on "distressed parcels" in downtowns to encourage their redevelopment. Distressed parcels are either vacant or functionally obsolete and zoned for mixed use. Michigan law currently allows these types of exemptions in existing districts such as brownfield zones, Downtown Development Authorities

and empowerment zones.

"By including distressed parcels we will be allowing local governments to target incentives offered to developers and will encourage development of downtown blighted properties," said Pappageorge.

The downtown development package was developed after several months of Senate hearings throughout the state. Senate Commerce and Tourism Committee members heard from municipal leaders in Port Huron, Grand Rapids, Midland, Detroit and Kalamazoo that vibrant downtowns are critical for the economic health of a community. They told lawmakers that vibrant downtowns foster and attract innovative businesses and are a key element to recruitment of personnel for local businesses.

The bipartisan package will:

- * Encourage downtowns to become destinations by allowing the Neighborhood Enterprise Zone Act to be used to renovate or build hotels;
- * Promote downtown living by permitting the tax rate for downtown

condos and apartments to remain at pre-development levels until the units are sold or rented. It also would amend the Neighborhood Enterprise Zone Act to allow its use in downtowns for apartments and other residential structures;

* Encourage downtown redevelopment by creating a retail renaissance zone category to stimulate development of rundown portions of downtowns. The new zones must be designated by Oct. 1, 2008, and are limited to cities and villages;

* Increase viability of downtown retail by granting Downtown Development Authorities express permission to assist with a leaseholder's improvements for retail. It also would allow DDAs to operate retail business incubators to support local entrepreneurs; and

* Remove barriers to business start-up by allowing a business to pay an increased fee to get expedited processing of its liquor permit by the Liquor Control Commission. The cost would be \$500 for 10-day processing and \$1,000 for 5-day processing.

Sen. Pappageorge Announces Introduction of REAL ID Legislation



Legislation designed to increase the safety and security of Michigan residents by updating their driver's licenses was announced Wednesday, said Sen. John Pappageorge, R-Troy.

Senate Bills 962 through 966, part of a five-bill package, call for creating an upgraded "standard" driver's license or state-issued identification card and an optional "enhanced" license or ID. The standard and optional licenses both include improved technology features to increase security.

"By using the most up-to-date technology available to us we can modernize Michigan driver's licenses and state IDs, and help ensure the safety and security of our residents," said Pappageorge, a member of the Senate Homeland Security and Emerging Technologies Committee.

The standard and optional licenses will comply with the requirements of the REAL ID Act, a federal law designed to combat terrorism, reduce fraud and improve the reliability of identification documents issued by states.

According to Pappageorge, the optional enhanced licenses also will comply with the federal Western Hemisphere Travel Initiative, the bill creating the enhanced license.

The legislative package will create:

- An upgraded "standard" driver's license and state-issued identification card with added security features. Only people who are Michigan residents and legally present in the United States will be eligible for the license. The upgraded license also can be used by residents for domestic air travel when the federal REAL ID Act takes effect. Without these upgraded documents, all Michigan residents will need a passport to board even domestic flights.
- An optional "enhanced" driver's license and state ID card that can be used for travel to and from Canada and other Western Hemisphere countries once the more stringent policies under the federal Western Hemisphere Travel Initiative take effect. Only Michigan residents who are also U.S. citizens will be eligible for the enhanced license. Residents who do not have an enhanced license or ID card will need a passport to visit Canada.



In addition to the latest security features, the upgraded standard license will still contain a bar code similar to the one on current Michigan driver's licenses and ID cards.

Costs of the new licenses and ID cards will be slightly higher than the current versions due to the enhanced security features and additional required document checks. The amount will not be determined until all components of the law are finalized.

HOME HEATING HELP



With costs expected to rise for all home heating fuels this winter, now is the time to make your home more energy efficient. Whether you want to tackle a big project, or make some inexpensive changes, every dollar saved can add up to significant cost savings.

There is still time to qualify for federal tax credits on certain home improvements, such as a new heating system, new windows or insulation. However, the tax credits are set to expire this year and products must be installed by Dec. 31, 2007. Visit www.energystar.gov to check out the details, including product requirements.

Even without splurging on more expensive work, there are a number of ways to save energy and money. To help get the most from your home heating dollars, keep these tips in mind:

- Stay comfortable but dial down. Each degree below 72 F reduces heating use by 2 to 3 percent.
- Caulk and weather-strip around windows and doors to reduce air leaks and save up to 10 percent on the energy bill.
- Check heating ducts for air leaks.
- Close vents and doors in unused rooms.
- Install storm windows or fasten clear plastic over single-pane windows to stop drafts and retain heat. Clean or change furnace filters once a month.

As part of the Green Michigan Initiative, Senate Republicans are working on a plan to develop the use of renewable energies in Michigan and promote energy efficiency programs. "Green" energy would help provide alternatives to our reliance on gas and oil.

In the meantime, if high energy costs swamp the family budget leaving you unable to pay your energy bill on time, contact your utility company as soon as possible. Do not wait for a shut-off notice.

Seniors and low-income households may qualify for home heating help through a number of state, community and private programs. For information on energy assistance, please contact my office toll-free at (877) 736-1384 or by my web-form at www.SenatorJohnPappageorge.com. You can also download the Energy Savers guide at http://www1.eere.energy.gov/consumer/tips/pdfs/energy_savers.pdf for more consumer tips.

Questions or Comments?

If you have any questions or comments regarding information in this newsletter, or wish to be removed from or added to the mailing list, please contact my office at the following information:



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